

Message Text

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42

ACTION ARA-20

INFO OCT-01 ISO-00 OPIC-12 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04

PRS-01 USIE-00 SSO-00 NSCE-00 INRE-00 IGA-02 DRC-01

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O R 161714Z AUG 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC IMMEDIATE 2154

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 5422

E.O. 11652: GDS

TAGS: EINV, ENRG, EC

SUBJECT: PETROLEUM: ADA CASE

REF: STATE 179017

1. ADA MANAGER BASTIDAS AND ATTORNEY JIMENEZ CALLED ON AMBAS-
SADOR AUGUST 15 TO DISCUSS CASE AND NEXT STEPS. DCM AND CHIEF,
E/C SECTION ALSO PRESENT FOR HOUR-LONG MEETING. ADA REPS IN-
FORMED THAT ADA DID RECEIVE A WRITTEN COMMUNICATION FROM THE
HIGH LEVEL COMMISSION AFTER THEIR PREVIOUS MEETING WITH IT. IT
EXPLAINS WHAT WAS SAID AT THAT MEETING ABOUT THE COMMISSION'S
TASK AND ASKS FOR INFORMATION FROM ADA ABOUT THE JURIDICAL STA-
TUS OF THE ADA COMPANIES AND THE ACTUAL SOURCES OF ADA'S INVEST-
MENT. BASTIDAS AGREED TO MAKE COPIES OF COMMUNICATION AVAILABLE
TO EMBASSY. WILL FORWARD BY SEPTTEL WHEN RECEIVED.

2. BASTIDAS ALSO BROUGHT COPIES OF THE LETTERS DRAFTED BY ADA
CONSORTIUM WITH INTENT TO TRANSMIT THEM TO MINISTER JARRIN AND
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PRESIDENT RODRIGUEZ LARA UNTIL CONSORTIUM'S LAST MINUTE

CECISION AUGUST 14 TO DEFER SENDING. THEY SAID CONSORTIUM HAD DECIDED TO SEEK MEETING WITH COMMISSION BUT HAD NOT DECIDED UPON LEVEL OF REPRESENTATION. MEETING WITH COMMISSION PRESENTED PROBLEMS BECAUSE OF JARRIN'S ABSENCE FROM COUNTRY AUGUST 17-27. (AFTER THE MEETING WITH ADA REPS, WE LEARNED OF RESIGNATION OF NATURAL RESOURCES SUBSECRETARY NEY MANCHENO; THIS DEVELOPMENT MAY FURTHER COMPLICATE AND POSSIBLY DELAY A MEETING WITH THE COMMISSION.) AMBASSADOR AGREED THAT JARRIN'S ABSENCE IS UNFORTUNATE BUT THAT ADA SHOULD SEEK EARLY APPOINTMENT WITH COMMISSION NONETHELESS. HIGH LEVEL COMMISSION CONTAINS MANY MINISTERS AND IT IS UNLIKELY THAT AT ANY ONE TIME ALL OF THEM WILL BE IN COUNTRY TO ATTEND MEETING. HE NOTED THAT FINANCE MINISTER, FOR EXAMPLE, WILL TRAVEL ABROAD EXTENSIVELY IN SEPTEMBER. HE ALSO RECALLED THAT ACTING FONMIN VALDEZ HAD INDICATED TO HIM AT AUGUST 8 MEETING THAT HE EXPECTED BASTIDAS TO RETURN TO QUITO AUGUST 10 PREPARED TO MEET AGAIN WITH COMMISSION.

3. AMBASSADOR GAVE A DETAILED SUMMARY OF PARA 2 OF QUITO 5248 REPORTING HIS AUGUST 8 MEETING WITH VALDEZ. HE EXPLAINED THE IMPORTANCE WITH WHICH HE CREDITS VALDEZ' CATEGORICAL ASSURANCES THAT GOE HAS DECIDED TO COMPENSATE ADA FOR "INVERSIONES UTILES" AND THAT COMMISSION'S PURPOSE IS TO WORK OUT THE DETAILS. HE EXPLAINED THE PROBLEM THAT ADA AND THE USG WOULD FACE IN PURSUING THE COMPENSATION OBJECTIVE IF THE ADA AND THE USG WOULD FACE IN PURSUING THE COMPENSATION OBJECTIVE IF THE ADA CONSORTIUM ADOPTS A POLICY OF PROTEST AND THREAT SUCH AS CONTAINED IN THE DRAFT ADA LETTER.

4. BASTIDAS AGREED THAT THE LETTER WOULD END ADA'S CHANCES FOR WORKING OUT COMPENSATION WITH THE GOE. HE DECIDED TO RECOMMEND TO ADA PRINCIPALS THAT HIGH LEVEL REPRESENTATIVES OF THE COMPANIES PREPARE TO COME TO QUITO AS SOON AS POSSIBLE AND THAT HE WOULD SEEK EARLIEST MEETING FOR THEM WITH COMMISSION.

5. COMMENT: RE PARA 3 REFTEL IT WAS NOT EMBASSY'S INTENTION TO ADVISE POSTPONEMENT OF ADA'S DEALINGS WITH COMMISSION AND EXPLANATION OF ITS PROBLEMS BEYOND AUGUST 26 BIDDING PREQUALIFICATION DATE. THIS COULD CONVEY ENTIRELY WRONG IMPRESSION TO GOE ABOUT ADA'S DESIRE AND DETERMINATION TO RECEIVE JUST COMPENSATION. WE ARE CONCERNED THAT SO MUCH TIME HAS ALREADY ELAPSED
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SINCE ADA'S INITIAL MEETING WITH COMMISSION AND THEREFORE AGAIN URGED ADA TO REQUEST PROMPT MEETING.
BREWSTER

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